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## Dedham, MA Bond Ratings Raised To 'AAA' On Robust Operations And Very Strong Reserves; Outlook Stable

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BOSTON (Standard & Poor's) May 23, 2013--Standard & Poor's Ratings Services said that it raised its long-term rating and underlying rating (SPUR) on Dedham, Mass.' general obligation (GO) bonds to 'AAA' from 'AA+'. The outlook is stable.

"The upgrade follows a trend of robust operating results improving reserves to very strong levels," said Standard & Poor's credit analyst Victor Medeiros. Moreover, Dedham participates in a broad and diverse regional economy and maintains strong and sustainable financial management policies that we believe will ensure that operating performance and reserves remain stable through varying economic cycles. In addition, management has recently taken strong steps to lower its other postemployment benefit liability and has shown the willingness to negotiate health insurance reforms, and use the savings to fund 100% of its annual required contribution.

In addition, Standard & Poor's assigned its 'AAA' long-term rating, to Dedham's GO municipal purpose loan of 2013 bonds. The outlook is stable.

Credit strengths include:

- Good location south of Boston, on Route 128 with easy access to many of the commonwealth's major employment centers;
- Mature and diverse tax base that has stabilized following several years of declines;
- Extremely strong per-capita market value, coupled with strong resident

incomes;

- Strong and well-embedded financial management policies and strong available fund balance levels; and
- Low-to-moderate overall net debt burden, coupled with manageable future capital needs and a well-funded pension system.

The town's full faith and credit pledge secures the bonds. We understand that the town will use bond proceeds to fund improvements to its roads and sidewalks as well as provide funding toward its Dedham Square project.

Dedham (2012 population: 24,963) is a fully developed, primarily residential community with a strong commercial and retail component, adjacent to southern Boston.

"We do not expect that the rating will change within the two-year parameter of the stable outlook," added Mr. Medeiros, "because we expect Dedham to maintain a strong reserve position."

#### RELATED CRITERIA AND RESEARCH

- USPF Criteria: GO Debt, Oct. 12, 2006
- State And Local Government Ratings Are Not Directly Constrained By That Of The U.S. Sovereign, Aug. 8, 2011
- U.S. State And Local Government Credit Conditions Forecast, April 4, 2013

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